

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 EUR-12 IO-13 ISO-00 AGRE-00 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 EPG-02 SP-02 STR-04

TRSE-00 FRB-03 OMB-01 AF-10 ITC-01 /077 W

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R 011820Z JUL 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 2556

INFO AMEMBASSY LONDON

AMEMBASSY BOGOTA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY MEXICO

AMEMBASSY SAN SALVADOR

AMEMBASSY GUATEMALA

USMISSION GENEVA

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EO 11652 GDS

TAGS EAGR BR

SUBJECT: COFFEE PRODUCTION AND STOCKS

REF: A) BRASILIA 3329

B) BRASILIA 4797

1. SUMMARY. THE BRAZILIAN COFFEE INSTITUTE (IBC) ESTIMATE OF THE 1977/78 HARVEST NOW ABOUT 40 PERCENT COMPLETED HAS BEEN INCREASED TO 15.3 MILLION BAGS. AGATT CONTINUES TO ESTIMATE THIS CROP AT 17-18 MILLION BAGS. TOTAL 1977/78 COFFEE SUPPLIES (PRODUCTION PLUS STOCKS ARE EXPECTED TO BE 26-27 MILLION BAGS. END SUMMARY.

2. IN SHARP CONTRAST TO PERSISTENT PRESS REPORTS THAT THE IBC WAS GOING TO REDUCE THE 1977/78 COFFEE CROP ESTIMATE SOME 10 PERCENT, THE IBC DIRECTOR OF PRODUCTION ANNOUNCED JUNE 28 THAT THE

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ESTIMATE WAS ACTUALLY BEING INCREASED. THE NEW IBC ESTIMATE IS 15.3 MILLION BAGS, UP FROM THE PREVIOUS ESTIMATE OF 14.8 MILLION BAGS

3. AGATT BELIEVES IBC UPWARD REVISION OF 1977/78 CROP ESTIMATE AT THIS TIME REFLECTS VARIOUS PUBLIC AND PRIVATE REPORTS FROM STATE OFFICIALS AND TRADE REPRESENTATIVES THAT YIELDS ARE RUNNING

MUCH HIGHER THAN EXPECTED. THE SECRETARY OF AGRICULTURE OF SAO PAULO ANNOUNCED AT A PRESS CONFERENCE JUNE 24 THAT PRODUCTION IN HIS STATE WOULD BE ABOUT 7.2 MILLION BAGS, UP FROM 6.6 MILLION BAGS ESTIMATED EARLIER. THE SECRETARY OF AGRICULTURE OF MINAS GERAIS TOLD AGATT JUNE 17 THAT PRODUCTION IN HIS STATE WOULD EXCEED 5 MILLION BAGS BY A SUBSTANTIAL MARGIN. THE IBC ESTIMATE FOR THE MINAS GERAIS CROP IS 4.2 MILLION BAGS. THE DIRECTOR OF ANDERSON CLAYTON'S COFFEE DIVISION TOLD AGATT JUNE 15 THAT THEY ARE ESTIMATING THIS CROP AT 16.9 MILLION BAGS. ACCORDING TO A JUNE 29 "GAZETA MERCANTIL" ARTICLE, SAO PAULO COFFEE ROASTERS EXPECT THE HARVEST TO BE ABOUT 20 MILLION BAGS.

4. THE IBC MAKES ALL STATE COFFEE PRODUCTION ESTIMATES WITH THE EXCEPTION OF SAO PAULO. IN THAT STATE THE IBC CONTRACTS WITH THE STATE SECRETARY OF AGRICULTURE TO SURVEY COFFEE CROP CONDITIONS AND MAKE PRODUCTION ESTIMATES. SINCE THE SECRETARY OF AGRICULTURE PUBLICALLY ANNOUNCED A SHARP INCREASE IN THAT STATE'S CROP, THE IBC WAS PUT UNDER PRESSURE TO INCREASE THE TOTAL CROP ESTIMATE.

5. AGATT CONTINUES TO ESTIMATE 1977/78 CROP AT 17-18 MILLION BAGS (REFTEL A) AND NOW BELIEVES FINAL HARVEST WILL BE CLOSE TO 18 MILLION BAGS.

6. ACCORDING TO THE IBC, JULY 1, 1977 BEGINNING STOCKS WILL BE 8.9 MILLION BAGS. THUS, BASED ON AGATT ESTIMATE, TOTAL 1977/78 COFFEE SUPPLIES WILL BE 26-27 MILLION BAGS. WITH 1977/78 DOMESTIC LIMITED OFFICIAL USE

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CONSUMPTION ESTIMATED BY THE IBC AT 6 MILLION BAGS, BRAZIL COULD EXPORT 15-16 MILLION BAGS DURING THIS MARKETING YEAR AND STILL HAVE ENDING STOCKS OF ABOUT 5 MILLION BAGS ON JULY 1, 1978. IF STOCKS IN OVERSEAS WAREHOUSES ARE CONSIDERED (REFTEL B) ACTUAL ENDING STOCKS WOULD BE EVEN HIGHER ON JULY 1, 1978. JOHNSON

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Copy: SINGLE
Sent Date: 01-Jul-1977 12:00:00 am
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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